

Message Text

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ACTION EUR-25

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC IMMEDIATE 1283

C O N F I D E N T I A L OECD PARIS 31014

E.O. 11652: GDS

TAGS: OECD

SUBJECT: EUROPEAN CHIEFS OF MISSION MEETING: OECD

REF: A.)STATE 231852; B.) USOECD 26347

1. SINCE MY MESSAGE OF OCTOBER 9, THE OIL CRISIS HAS BECOME THE PRINCIPAL ECONOMIC CONCERN OF THE OECD COUNTRIES AND OF THE OECD ITSELF. THE EXPERIENCE OF THE PAST MONTH AND A HALF HAS ILLUSTRATED BOTH THE STRENGTH AND THE LIMITATIONS OF MULTILATERAL COOPERATION AS CONDUCTED IN THE OECD.

2. THE DIVISIONS IN VIEWPOINT ON THE RIGHT RESPONSE TO THE SITUATION, PARTICULARLY AMONG EC COUNTRIES, HAVE BEEN REFLECTED IN OECD DELIBERATIONS. THEY HAVE PREVENTED THE ACTIVATION OF THE FORMAL FACILITIES, WHICH EXIST ON A STAND-BY-BASIS, FOR FULL INFORMATION EXCHANGE, INVOLVING INDUSTRY COOPERATION; AND (OPTIONALLY) FOR OIL SHARING AMONG EUROPEAN MEMBERS. HOW FAR THE OECD MIGHT GO TOWARD ACTIVATING THE EUROPEAN SHARING SCHEME OR EXTENDING IT TO NON-EUROPEAN MEMBERS CAN BE KNOWN ONLY IF AND WHEN EXISTING DIFFERENCES, PARTICULARLY WITHIN THE

EC, ARE SUBSTANTIALLY NARROWED. IN ENERGY, AS IN TRADE

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AND OTHER FIELDS, THE ABILITY OF THE OECD TO TAKE FORM

BINDING COMMITMENTS IS SUBJECT TO THE UNANIMITY RULE
THE EXISTENCE OF THE EC--WITH ITS INTERNAL DIFFERENCES--
WITHIN THE OECD IS OF COURSE A COMPLICATING FACTOR.

3. ON THE POSITIVE SIDE, THE REACTION HAS SHOWN THAT
THE OECD RETAINS IN TIME OF STRESS SOME FLEXIBLE
CAPACITY (A) TO IMPROVISE APPROACHES TO A PROBLEM
PRAGMATICALLY WHERE THERE ARE POLITICAL DIFFERENCES, AS
EXCHANGE OF SOME OIL INFORMATION NOW PROCEEDS IN OTHER
WAYS DESPITE THE INABILITY THUS FAR FORMALLY TO ACTIVATE
THE STANENG PROCEDURES ; AND (B) TO EXAMINE AND DRAW
CONCLUSIONS ON VARIOUS ASPECTS OF THE SITUATION,
PARTICULARLY THE IMPACTS OF OIL SHORTFALLS AND PRICE
INCREASES ON MAINTAINING ECONOMIC ACTIVITY AND ON THE
BALANCE OF INTERNATIONAL PAYMENTS OF BOTH ADVANCED AND
DEVELOPING COUNTRIES. FURTHERMORE, THE PRESENCE OF
JAPAN IN THESE DELIBERATIONS, THOUGH IT CANNOT SUCCEED
IN REASSURING JAPAN FULLY CONCERNING THE IMPACT OF THE
OIL SHORTAGE ON JAPANESE ECONOMIC AND POLITICAL LIFE,
MEANS THAT ALL THE MAJOR CONSUMERS ARE UTILIZING A
COMMON, CONTINUING FORUM IN AN EFFORT TO ASSESS AND
CONTRIBUTE TO A RESOLUTION OF A VITALLY IMPORTANT
POLITICAL-ECONOMIC PROBLEM. IN VIEW OF THE INTER-
DEPENDENCE OF OECD COUNTRIES, THE IMPORTANCE OF THESE
JOINT EFFORTS IS EVIDENT.

4. FOR FUTURE STEPS, OECD MEMBERSHIP (A) COMPRISING
MAJOR OIL CONSUMING AND TRADING COUNTRIES COULD, IF
IT WISHES, CONSIDER MAKING JOINT STATEMENTS ABOUT
DAMAGING EFFECTS OF ARAB RESTRICTIONS ON WORLD TRADE,
PROSPERITY AND INTERNATIONAL COMITY, AND (B) CONSTITUTES
ALSO GROUP OF COUNTRIES WHICH, AT LATER STAGE, COULD PROMOTE
AND ASSIST A POSITIVE APPROACH TO ECONOMIC DEVELOPMENT
AND COOPERATION IN MIDDLE EASTERN REGION.
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